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SUBJECT: AL-QADHAFI: THE PHILOSOPHER-KING KEEPS HIS HAND IN

REF: A) TRIPOLI 37, B) 08 TRIPOLI 994, C) 08 TRIPOLI 0036,
D) 08 TRIPOLI 481, E) 08 TRIPOLI 530, E) 08 TRIPOLI 478 (NOTAL),
F) 08 TRIPOLI 515, G) 08 TRIPOLI 227, H) 08 TRIPOLI 896,
I) 08 TRIPOLI 936, J) TRIPOLI 0017

CLASSIFIED BY: Gene A. Cretz, Ambassador, U.S. Embassy -
Tripoli, U.S. Dept of State.
REASON: 1.4 (b), (d)

¶1. (C) Summary: Despite a carefully cultivated image as a philosopher-king with no formal title and persistent rumors that he is relinquishing day-to-day decisionmaking as part of an orchestrated succession by one of his sons, Muammar al-Qadhafi remains intimately involved in the regime's most sensitive and critical portfolios. He has used an influential but obscure administrative entity to politically vet commercial contracts involving GOL funds and ensure that opportunities to extract rents from those contracts are distributed to key regime allies. In addition to his activist role in commercial affairs, al-Qadhafi's recent interventions in other high-profile issues undermine the claim that he is an oracle above the fray. He personally briefed GOL officials before their discussion with U.S. counterparts on the disposition of eight C-130H aircraft Libya purchased in the 1970's, but never took delivery of because of deteriorating bilateral ties. He has taken a close interest in sensitive human rights cases, and appears to be the author of the regime's position on detained human rights activist Fathi el-Jahmi and the GOL's heated response to Embossos' request to visit a predominantly Berber town. Although he has done so quietly, al-Qadhafi has also played an active role in the process of political-economic reform currently under discussion in Libya, to include personally selecting members of a committee reviewing a draft constitution and urging conservative regime elements not to oppose possible upcoming elections. Part of his involvement stems from the fact that the Jamahiriya system has few formal decisionmaking structures and opaque lines of authority. Another aspect is that Libya remains a kleptocracy in which the regime has a direct stake in anything worth buying, selling or owning. Al-Qadhafi's mastery of tactical maneuvering has kept him in power for nearly 40 years; however, the unholy alliance of corruption and cult-of-personality politics on which the system has been based is ultimately limiting. Squaring the circle between an old guard whose livelihood depends on the status quo and a new, more predictable and transparent system in which a greater number of ordinary Libyans can productively participate is the key challenge facing al-Qadhafi in the autumn of his reign. The reality is that no potential successor currently enjoys sufficient credibility in his own right to maintain that delicate equilibrium and keep the project going of transforming (at least superficially) the Jamahiriya. In that regard,

al-Qadhafi is the architect of his own gilded cage and cannot yet relinquish day-to-day decisionmaking, even if he wants to.
End summary.

BACKGROUND: REVOLUTIONARY TURNED SAGE

¶2. (C) Libyan leader Muammar al-Qadhafi has since the early 1990's sought to propagate his image as "Guide of the Revolution". While the de facto head of state, he holds no formal title or position, and has periodically made public remarks to the effect that while he is a sort of uber-political counselor to the revolution and its offshoot, the Jamahiriya, he is not involved in day-to-day decisionmaking. Al-Qadhafi was part of a group of self-described Free Officers who staged a bloodless military coup on September 1, 1969, wresting power from King Idriss al-Sanussi, who was then on holiday in Ankara. Al-Qadhafi was appointed President of the Revolutionary Command Council on September 13, 1969. In March 1977, he announced that a new "Jamahiriya", described as "a state of the masses" would replace the Libyan Arab Republic. The new entity, officially titled the Great Socialist People's Libyan Arab Jamahiriya, theoretically allowed the people to govern directly through the General People's Congress, of which al-Qadhafi became Secretary General (Prime Minister-equivalent). In 1979, he resigned his positions and authored the Green Book, in which he articulated the "Third Universal Theory", which purports to be the logical corollary of (and improvement on) socialism and capitalism. In 1989, al-Qadhafi declared himself Guide of the Revolution and adopted the de facto role of head of state, but without formal portfolio or responsibilities. With the imposition of international sanctions in the early 1990's, al-Qadhafi largely withdrew from the media limelight, and only re-emerged in earnest after sanctions were lifted in 2003-2004. He has since advocated various trans-national agendas, most recently for a proposed unified African government, and has cultivated the image of an international philosopher-king, a la Nelson Mandela or Vaclav Havel. On the margins of last year's Revolution Day festivities in Benghazi, a visiting group of African tribal leaders bestowed upon him the title "King of Kings", together with the requisite golden crown and scepter.

AL-QADHAFI: SHOW ME THE MONEY

¶3. (C) Notwithstanding his carefully cultivated image as a man of history above pettifoggery details, a protege of Abuzeid Dorda, former Prime Minister and now the influential Chairman of the Housing and Infrastructure Board, recently told us that Muammar al-Qadhafi personally reviewed all contracts involving GOL funds that were worth more than USD 200 million and exercised a great deal of influence over which foreign companies were awarded contracts through the Committee for Oversight and Audit. The Committee for Oversight and Audit, known as the 'riqaba' committee, is a powerful GOL entity that reviews all contracts involving public funds, ostensibly to ensure that they are fairly awarded and consistent with Libyan law. In reality, after the contracts are approved at the level of the General People's Committees (ministry-equivalents) and, in the case of particularly large contracts, at the level of the General People's Congress (typically by the office of the Prime Minister-equivalent), the contracts are sent to the 'riqaba' committee for what amounts to political vetting.

¶4. (C) Al-Qadhafi has used the 'riqaba' committee to ensure that political patronage is properly distributed, i.e., that GOL entities headed by regime loyalists administer particularly plum contracts, ensuring that they are well-positioned to extract rents from foreign companies. He also uses it to direct contracts to companies from countries with which he has good relations as a tangible symbol of goodwill, and to prevent large contracts from being awarded to companies from countries with which he has political issues. Several well-informed contacts have told us that when cartoons depicting the Prophet Muhammad were re-published in a Danish magazine in 2007, al-Qadhafi reached out through the 'riqaba' committee to direct that contracts for management of infrastructure projects worth tens of millions of dollars that had initially been awarded to two

Danish firms be given to other companies. In addition, the 'riqaba' committee and Prime Minister's office acted swiftly to prevent imports of Danish goods (Danish butter only recently reappeared on the shelves after an absence of more than a year). More recently, al-Qadhafi has used the 'riqaba' committee, together with the office of the Prime Minister, to harass Swiss companies after the arrest in Geneva last July of his son, Hannibal al-Qadhafi, and the ensuing Swiss-Libyan contretemps. As reported ref B, Swiss companies were informed last December that they had to liquidate all their assets within a month. U.S. companies experienced a surge in harassment by the GOL, some of it reportedly directed personally by al-Qadhafi, in the wake of a decision by a U.S. judge in January 2008 to award roughly \$6 billion in damages to families of seven Americans killed in Libya's 1989 bombing of a French-operated UTA passenger plane (ref C). (Note: The situation improved after a comprehensive U.S.-Libya claims agreement was signed in August 2008 and implemented in October 2008. End note.) Prime Minister al-Baghdadi al-Mahmoudi, reportedly with the knowledge and at least tacit blessing of al-Qadhafi, has mounted a campaign through his office and the 'riqaba' committee against the Tripoli branch of U.K. department store Marks and Spencer as a means to harass longtime rival Husni Bey, a partner in the Tripoli branch.

15. (C) A well-connected Libyan national employed with a U.S. company operating here confirmed that al-Qadhafi is deeply involved in the work of the 'riqaba' committee. Although the nominal threshold for a contract to be reviewed by al-Qadhafi is USD 200 million, the reality is that he reviews a large number of contracts of lesser value. Typically, al-Qadhafi focuses on contracts with foreign companies of particular concern, including the U.S., Britain, Russia, China, Italy, Egypt and Tunis. Our contact told us al-Qadhafi personally directed Abuzeid Dorda to reduce the number of infrastructure and development contracts awarded to Turkish companies for a raft of projects in December 2007 to avoid giving the impression that Libya favored "the Ottomans". Al-Qadhafi ignored Dorda's protest that the Turkish companies had submitted the most competitive bids and were best-qualified, suggesting that political credentials count for at least as much as technical ability.

16. (C) In addition, our contact said the 'riqaba' committee's writ extends far beyond auditing and review and into actual project management and contract execution, which has ironically better allowed 'riqaba' members to extract rents and bribes. Its officials, most of whom are appointed for political loyalty rather than technical expertise (many are members of the Revolutionary Committees and/or relatives of senior regime figures), are not well-qualified to play such a role. Noting senior regime officials' "paranoia" about being "cheated" by foreign companies and the extreme sensitivity to pervasive rumors that senior regime elements are corrupt, our contact said an inordinate amount of time and energy is spent by foreign contractors justifying their expenses and operational decisions.

AL-QADHAFI AS POLITICAL BOSS

17. (C) In addition to his activist role in commercial affairs, al-Qadhafi's recent interventions in other high-profile issues undermine the claim that he is a remote seer. As reported ref D, a senior MFA interlocutor told us on the margins of a meeting last May to discuss the disposition of eight C-130H aircraft Libya purchased in the 1970's (but never took delivery of because of deteriorating bilateral ties), al-Qadhafi personally met with Libya's team to stress that any movement on resolving the issue must be contingent on securing USG guarantees that export licenses would be granted for those items. Al-Qadhafi was fully conversant with details of the case and was concerned that U.S.-Libya engagement on C-130's was a deliberate ruse or an issue on which the USG would ultimately be unable to deliver because of opposition from Congress, either of which would greatly embarrass the regime and strengthen the hand of conservative regime elements skeptical of re-engagement with the U.S. In December, a key contact told us that while other senior regime officials supported broader military-to-military

cooperation with the U.S., al-Qadhafi was concerned about having large numbers of U.S. advisers and trainers present in uniform in Libya given that "evacuation" of U.S. forces from Libya in 1970 was seen as a key accomplishment of the regime.

8 (C) Al-Qadhafi also actively follows sensitive human rights issues. In March, a request for GOL assistance in facilitating a visit by an Emboff to the predominantly Berber town of Zuwara prompted an angry demarche in which our interlocutor hotly denied that there was a Berber minority in Libya, decried the Embassy's "unacceptable interference" in Libya's domestic affairs and threatened Emboffs with physical harm if they visited the town (ref E). A key MFA interlocutor told us that only al-Qadhafi himself could have authored such a sharply worded message in official correspondence. As reported ref E, a senior regime official cautioned the Embassy in June against pushing too hard on the case of detained human rights activist Fathi el-Jahmi. Claiming that al-Qadhafi had personally authored the regime's policy on el-Jahmi, he made it clear that al-Qadhafi had closely tracked (and taken issue with) the Embassy's engagement with el-Jahmi's family and visits to him by P/E Chief. Later, a senior MFA interlocutor, citing a conversation with National Security Adviser Muatassim al-Qadhafi (Muammar al-Qadhafi's son), said Muammar al-Qadhafi was personally following el-Jahmi's case and was "upset" that the U.S. kept raising it (ref F). (Note: El-Jahmi's public criticism of al-Qadhafi and his stewardship of Libya prompted el-Jahmi's arrest. End note.)

¶9. (C) Although he has done so quietly, al-Qadhafi has also played an active role in the process of political-economic reform currently under discussion in Libya. In March 2008, he called for a program of radical privatization and government restructuring (ref G), and has since been actively involved in the debate about whether and how to implement his vision (ref H). Describing al-Qadhafi's decision to scale back privatization and government restructuring, the HIB's Dorda told us that "... al-Qadhafi is a philosopher, but he is also responsible". More recently, well-informed contacts told us that al-Qadhafi quietly supported efforts by a special committee to develop a draft Libyan constitution, and had personally selected about half of the members of the committee (ref I). Al-Qadhafi has reportedly kept his role quiet to allow his son, Saif al-Islam al-Qadhafi, to play a leading role in what could be a popular reform initiative and to afford himself maximum latitude to cajole reluctant old guard members into accepting it. At the end of a televised meeting on December 28 to discuss Libya's reaction to the commencement of Israeli military strikes against Gaza, al-Qadhafi instructed that television and recording equipment be switched off and announced to the assembled group of political, military and security officials that Libya was entering "a new political period" and would hold elections for "some key offices (NFI) soon" (ref J). Most recently, al-Qadhafi conducted a DVC with students at Georgetown University on January 21, in which he addressed a variety of domestic and international issues, and published an editorial in the New York Times on January 22. The editorial focused on al-Qadhafi's proposed single state "Isratine" solution to the Arab-Israeli conflict.

¶10. (C) Comment: Despite persistent rumors that he is in ill health and/or delegating day-to-day decisionmaking as part of an orchestrated succession by one of his sons (most bet it will be Saif al-Islam), al-Qadhafi remains actively involved in the regime's most sensitive and critical portfolios, and in many that are not obviously so important. Part of that is because the Jamahiriya system of which he is the original author features few formal decisionmaking structures and opaque lines of authority, placing a premium on personal fiefdoms and delicate relationships between regime figures who have been in power for decades. A further complication is the fact that Libya is a kleptocracy in which the regime - either the al-Qadhafi family itself or its close political allies - has a direct stake in anything worth buying, selling or owning. Referred to in Libyan parlance as "the politics of the black hand", it is the tried and true method of indulging - and even encouraging - corruption by favored regime officials, in part so that al-Qadhafi has a cudgel with which to beat them to help

ensure their political loyalty. Al-Qadhafi's mastery of tactical maneuvering in what remains an essentially tribal society (with the attendant complication of family/clan ties) has allowed him to remain in power despite a notoriously fractious and inchoate body politic for nearly 40 years; however, the unholy alliance of corruption and cult-of-personality politics on which the system has been based is ultimately limiting. Senior members of the regime have made a handsome living by dint of political loyalty and a skill set - smuggling, bribes, extortion, and the more prosaic winning of contracts by virtue of connections alone - that are not as saleable or lucrative in a transparent economy in which the rule of law obtains. Squaring the circle between an old guard whose livelihood and political standing will be seriously impacted by proposed political-economic reforms and a new, more predictable and transparent system in which a greater number of ordinary Libyans can productively participate is the key challenge facing al-Qadhafi in the autumn of his reign. The reality is that neither Saif al-Islam nor any other potential successor currently enjoys sufficient credibility and power in his own right to maintain that delicate balance and keep going the project of transforming (at least superficially) the Jamahiriya. In that regard, al-Qadhafi is the architect of his own gilded cage and cannot yet relinquish day-to-day decisionmaking, even if he wants to - and it is far from clear that he does. End comment.

CRETZ